

## **S.C.M. SIM: the BoD approves the draft financial statements as at 31 December 2022**

- **Commission income:** Euro 6.2 M (Euro 6.3 M as at 31.12.2021)
- **Net interest and other banking income:** Euro 3.6 M (Euro 3.9 M as at 31.12.2021)
- **Result of operations:** Euro -0.803 M (Euro -0.267 M as at 31.12.2021)
- **Operating profit/loss:** Euro -0.796 M (Euro -0.271 M as at 31.12.2021)
- **Assets under control:** Euro 848 M (Euro 959 M as at 31.12.2021)
  - Managed assets of Euro 211 M (Euro 207 M as at 31.12. 2021)
  - Advisory assets of Euro 252 M (Euro 365 M as at 31.12.2021)
  - Value of insurance products of Euro 357 M (Euro 363 M as at 31.12.2021)
  - Equity of the Sicav of approximately Euro 29 M (Euro 24 M as at 31.12.2021)
- **Financial and insurance advisors:** 35 (41 as at 31.12.2021)

*Milan, 21 March 2023*

The Board of Directors of **Solutions Capital Management SIM S.p.A.** (the "Company" or "SCM SIM"), a company listed on the Euronext Growth Milan segment of Borsa Italiana S.p.A. and in the open market Quotation Board segment of the Frankfurt Stock Exchange, met today and approved the draft Financial Statements as at 31 December 2022, which will be submitted to the Ordinary Shareholders' Meeting, convened for 27 April 2023 and, if necessary, on second call for 28 April 2023.

### **Economic-financial results as at 31 December 2022<sup>1</sup>**

**Fee and commission income** amounted to over Euro 6.2 M, substantially in line with the previous year (Euro 6.3 M), despite the lack of contribution, due to market trends in 2022, from performance fees, which in 2021 had accounted for approximately 2 M euro.

Specifically, there was a very positive result (+70%) for general and investment advisory services, an increase of +64% for the insurance sector and a 7% growth in commissions relating to asset management.

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<sup>1</sup> The Financial Statements were prepared in application of Italian Legislative Decree no. 38 of 28 February 2005 and according to the international accounting standards IAS/IFRS, as interpreted by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the European Union.

**Fee and commission expense** amounted to approximately Euro 2.55 M, slightly higher than the value of Euro 2.45 M in 2021.

**Net interest and other banking income** was close to Euro 3.63 M, down by 6% compared to Euro 3.86 M in 2021, due to the trend in the commission margin and the average retrocession to the sales network.

**Operating costs** amounted to approximately Euro 4.01 M, up slightly compared to Euro 3.76 M in 2021, and highlight, on the one hand, the improvement in personnel costs, thanks to the internal reorganization and streamlining of the sales structure, and on the other hand, an increase in administrative expenses deriving from the resumption of activities previously suspended by the pandemic emergency, as well as the costs incurred for the development of the management platform and the fees due for advisory services, reports and corporate events.

Lastly, with regard to the valuation of financial assets at amortized cost, old non-payable positions were cleared and the bad debt provision was reconstituted in compliance with accounting standards.

The Company ended 2022 with a **net profit** of Euro -0.796 M, compared to a loss of Euro -0.272 M in the previous year.

In 2022, there was positive adjusted **net inflows** of more than Euro 5 M (not considering the closures of inactive MiFID and generic advisory relationships), with an excellent result for asset management, which recorded inflows of Euro 32 M.

**Assets Under Control** amounted to Euro 848 M, compared to Euro 959 M in the previous year. In particular, **assets under management** increased from Euro 207 M in 2021 to Euro 211 M in 2022, **advisory assets** decreased from Euro 365 M in 2021 to Euro 252 M in 2022, the value of **policies** stood at Euro 357 M in 2022 compared to Euro 363 M in 2021 and **Sicav** assets increased from Euro 24 M in 2021 to Euro 29 M in 2022.

**Shareholders' equity** amounted to Euro 2.2 M, compared to Euro 3 M in the previous year.

### **Allocation of the result for the year**

The Board of Directors proposes to the Shareholders' Meeting to cover the loss, amounting to Euro 796,059 by using the item "Share premium reserve" for the same amount.

### **Company performance during 2022**

The year 2022 was characterised by the tragedy of the war in Ukraine and the energy crisis. Inflation shook the markets, forcing central banks to adopt restrictive monetary policy measures. In this scenario, the rise in interest rates put both the bond asset and the equity asset classes under pressure, causing the financial markets to record the worst performance in recent decades.

Despite the context, SCM SIM has not limited itself to implementing initiatives aimed at strengthening the company's assets, but has worked to fuel its growth strategy.

In fact, ordinary, extraordinary and enhancement activities continued both with regard to the information system and internal and external processes, as well as with regard to commercial and business aspects, and new initiatives were launched in the field of sustainability.

During the 2022 financial year, recognizing the importance and value of sustainability issues, the Company prepared studies aimed at ESG adjustments, in order to create specific product lines and analyse the impact of its decisions in the environmental, social and corporate governance field, integrating sustainability criteria into investment processes. New ESG insurance products were also distributed, structured by the insurance company Nobis.

The IT department updated the automated processes relating to controls, reports, data import and export with new tools, the Asset Management Guardian software was enhanced and the first version of the PFP - Personal Financial Plan software was completed. The hardware equipment supporting the internal network infrastructure was enhanced and the activities started in 2021 on the two new Data Warehouse cores relating to the Risk Management and Marketing areas continued.

In 2022, commercial activity focused on four main lines: unification of the financial and insurance advisors networks, reorganization of the commercial network, increase in the number of advisors which will produce results in the coming years, and expansion of the commercial offer. Contracts with MIFID and placement consultancy were merged into a single contract that covers, in addition to the two activities mentioned, insurance consultancy.

In 2022, partnerships were launched with:

- Value-Holdings Capital Partners AG for the advisory service of the new management line "In Germany", focused on the German stock market, with the DAX as reference benchmark;
- PreviOn (a fintech company specialising in social security assistance and management) to offer its clients social security check-up services while expanding its range of wealth management advisory services. Thanks to the agreement, SCM SIM's clients will be able to know their social security position in detail, with a subjective and objective analysis of their INPS and social security contribution statement;
- Alkeon Capital Management LLC, an American management company, for the exclusive distribution in Italy of the Alkeon UCITS Fund;
- EFG Consulting, to offer a guidance service on the United Arab Emirates market.

An agreement was signed, as arranger of the project, with BANCA UBAE and FINANZA.TECH, for the purchase by the Bank of "Superbonus 110%" tax credits for a total amount of Euro 20 M.

Furthermore, listing started in the open market segment "Quotation Board" of the Frankfurt Stock Exchange on 10 June 2022.

With the aim of strengthening capital and facilitating business development through possible strategic partnership actions, on 8 November 2022 the Board of Directors resolved to call the extraordinary shareholders' meeting to proceed with the **share capital increase** by payment, in one or more tranches, for a maximum amount of **Euro 2 M**.

On 28 December 2022, the Board of Directors partially exercised the power granted by the extraordinary shareholders' meeting held on 28 November 2022, resolving the share capital increase for an amount of **Euro 1,083,369.60**, through the issue of a maximum of **300,936** new dematerialized ordinary shares, at a price of Euro 3.60 for each newly issued share and to offer this increase under option to shareholders, with a ratio of 3 ordinary shares for every 20 ordinary shares already held.

### **Significant events after the end of the period and outlook**

On 19 January 2022, at the end of the period for the exercise of the option rights relating to the offer of up to 300,936 new dematerialized ordinary shares, a total of 32,160 option rights had been exercised and 4,824 shares had been subscribed, for a value of Euro 17,366.40. The residual 296,112 New Shares, for a total value of Euro 1,066,003.20, may be placed also with third parties, by arrangement of the administrative body and in compliance with current regulations, by the deadline of 31 March 2023.

With reference to the initiatives already concluded and those planned for 2023 in relation to the sustainability of investments and supervisory expectations, the Company intends to further strengthen its database for the classification of financial instruments, in order to create - with proprietary calculations - indexes of sustainability performance. In line with the best practices and Italian and European regulations on sustainable investments, SCM has implemented some investment lines oriented towards sustainable investments, with a "light green" approach in accordance with different risk-return profiles, in order to allow its customers to make a consciously active choice in the area of sustainable investments. At the moment, also given the extreme diversification of the financial instruments universe, SCM SIM has decided to arrange lines asset allocation towards sustainable investments, investing, for the most part, in asset management instruments (Funds, SICAVs and ETFs). Currently, the minimum sustainable investments threshold in ESG lines is set at 80%.

On 28 February 2023, the Board of Directors also approved the 2023-2025 Business Plan, which outlines the following strategic lines:

- Strengthening of the sales network with the entry of new personnel;
- Development of a partnership with a new insurance broker;
- Development of the Corporate division;
- Sustainable growth of assets over the three-year period;
- Expansion of the customer base;
- Enhancement of the commercial offer.

### **Below:**

- Balance Sheet of SCM SIM S.p.A. as at 31 December 2022
- Income Statement of SCM SIM S.p.A. as at 31 December 2022
- Cash Flow Statement of SCM SIM S.p.A. as at 31 December 2022

This press release is available on the Company's website [www.scmsim.it](http://www.scmsim.it) under Investors>Press Releases.

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**Solutions Capital Management SIM S.p.A. "SCM"** is a stockbroking company authorised to provide portfolio management, investment advisory and placement services. SCM has been active since 2009 and has been the first SIM listed on the Euronext Growth Milan market (formerly AIM Italia) of Borsa Italiana since July 2016. SCM is independent from banking, insurance and industrial groups and is an entity supervised and controlled by CONSOB, Banca d'Italia and Borsa Italiana. Through its Private Banking and Wealth Management services, SCM offers customised advisory solutions for clients, applying a unique, innovative and sustainable business model in Italy, which is based on independence, transparency and absence of conflict of interest in line with the fee-only advisory model.

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## FINANCIAL STATEMENTS

### BALANCE SHEET

Values in units of Euro

ASSET ITEMS	31/12/2022	31/12/2021
<b>10. Cash and cash equivalents</b>	<b>304</b>	<b>121</b>
<b>20. Financial assets at fair value through profit or loss</b>	-	-
a) financial assets held for trading	-	-
<b>40. Financial assets measured at amortised cost</b>	<b>2,735,255</b>	<b>2,441,167</b>
a) receivables from banks	351,868	598,879
c) trade receivables	2,383,387	1,842,288
<b>80. Tangible assets</b>	<b>877,136</b>	<b>1,116,989</b>
<b>90. Intangible assets</b>	<b>100,163</b>	<b>123,804</b>
<b>100. Tax assets</b>	<b>893,983</b>	<b>899,907</b>
a) current	79,442	72,584
b) prepaid	814,541	827,323
<b>120. Other assets</b>	<b>615,296</b>	<b>611,715</b>
<b>TOTAL ASSETS</b>	<b>5,222,136</b>	<b>5,193,703</b>

LIABILITY AND EQUITY ITEMS	31/12/2022	31/12/2021
<b>10. Financial liabilities measured at amortised cost</b>	<b>1,513,171</b>	<b>1,435,676</b>
a) debts	1,513,171	1,435,676
<b>60. Tax liabilities</b>	<b>2,661</b>	<b>2,661</b>
a) current	-	-
b) deferred	2,661	2,661
<b>80. Other liabilities</b>	<b>1,322,788</b>	<b>588,663</b>
<b>90. Employee severance indemnities</b>	<b>170,043</b>	<b>197,649</b>
<b>110. Capital</b>	<b>2,006,240</b>	<b>2,006,240</b>
<b>140. Share premium accounts</b>	<b>804,904</b>	<b>1,076,103</b>
<b>150. Reserves</b>	<b>212,790</b>	<b>212,790</b>
<b>160. Valuation reserves</b>	<b>(14,402)</b>	<b>(54,880)</b>
<b>170. Profit (loss) for the year</b>	<b>(796,059)</b>	<b>(271,199)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5,222,136</b>	<b>5,193,703</b>

## INCOME STATEMENT

ITEMS	31/12/2022	31/12/2021
<b>10. Net trading profit (loss)</b>	-	-
<b>30. Gains (losses) on disposal or repurchase of:</b>	<b>(881)</b>	<b>(152)</b>
a) financial assets measured at amortised cost	(881)	(152)
<b>50. Fee and commission income</b>	<b>6,227,856</b>	<b>6,340,430</b>
<b>60. Fee and commission expense</b>	<b>(2,550,896)</b>	<b>(2,445,826)</b>
<b>70. Interest income and similar revenues</b>	<b>294</b>	-
<b>80. Interest expense and similar charges</b>	<b>(48,288)</b>	<b>(39,029)</b>
<b>90. Dividends and similar income</b>	-	-
<b>110. NET INTEREST AND OTHER BANKING INCOME</b>	<b>3,628,086</b>	<b>3,855,424</b>
<b>120. Net value adjustments/write-backs for credit risk of:</b>	<b>(116,776)</b>	<b>(82,932)</b>
a) financial assets measured at amortised cost	(116,776)	(82,932)
<b>130. NET PROFIT (LOSS) FROM FINANCIAL OPERATIONS</b>	<b>3,511,310</b>	<b>3,772,492</b>
<b>140. Administrative expenses:</b>	<b>(4,011,039)</b>	<b>(3,761,913)</b>
a) personnel expenses	(1,805,608)	(1,910,834)
b) other administrative expenses	(2,205,431)	(1,851,079)
<b>160. Net value adjustments/write-backs on tangible assets</b>	<b>(290,662)</b>	<b>(288,104)</b>
<b>170. Net value adjustments/write-backs on intangible assets</b>	<b>(52,515)</b>	<b>(33,145)</b>
<b>180. Other operating income and expenses</b>	<b>39,989</b>	<b>43,526</b>
<b>190. OPERATING COSTS</b>	<b>(4,314,227)</b>	<b>(4,039,635)</b>
<b>240. PRE-TAX PROFIT (LOSS) FROM CURRENT ASSETS</b>	<b>(802,917)</b>	<b>(267,143)</b>
<b>250. Income taxes for the year on current operations</b>	<b>6,858</b>	<b>(4,056)</b>
<b>260. PROFIT (LOSS) AFTER TAXES FROM CURRENT ASSETS</b>	<b>(796,059)</b>	<b>(271,199)</b>
<b>280. PROFIT (LOSS) FOR THE YEAR</b>	<b>(796,059)</b>	<b>(271,199)</b>

CASH FLOW STATEMENT	31/12/2022	31/12/2021
<b>Direct method</b>		
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Management</b>	<b>- 342,965</b>	<b>137,189</b>
interest income collected		
interest expense paid	- 47,994	-39,029
dividends and similar income		
net fees	3,676,960	3,894,604
personnel expenses	- 1,805,608	-1,910,834
other costs	- 2,288,040	-1,954,014
other revenues	121,717	146,462
taxes and duties		
costs/revenues relating to groups of assets held for sale and net of the tax effect		
<b>2. Cash flow generated/absorbed by financial assets</b>	<b>61,779</b>	<b>-283,028</b>
financial assets held for trading		
financial assets measured at fair value other assets measured at fair value as per mandatory requirements		
financial assets measured at fair value through other comprehensive income		
financial assets measured at amortised cost		
other assets	61,779	-283,028
<b>3. Cash flow generated/absorbed by financial liabilities</b>	<b>67,776</b>	<b>-83,953</b>
financial liabilities measured at amortised cost		
financial liabilities held for trading		
financial liabilities designated at fair value		
payables to financial institutions		
other liabilities	67,776	-83,953
<b>Net cash flow generated/absorbed by operating activities</b>	<b>- 213,410</b>	<b>-229,792</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>1. Cash flow generated by</b>	<b>-</b>	
sales of equity investments		
dividends collected on equity investments		
sales of tangible assets		
sales of intangible assets		
sales of business units		
<b>2. Liquidity absorbed by</b>	<b>33,418</b>	<b>97,638</b>
purchases of equity investments		
purchases of tangible assets	4,543	6,102
purchases of intangible assets	28,875	91,536
purchases of business units		
<b>Net cash flow generated/absorbed by investment activities</b>	<b>- 33,418</b>	<b>97,638</b>
<b>C. FUNDING ACTIVITIES</b>		
issues/purchases of treasury shares		
issues/purchases of equity instruments		
dividend distribution and other purposes		
<b>Net cash flow generated/absorbed by funding activities</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOW GENERATED/ABSORBED DURING THE YEAR</b>	<b>- 246,828</b>	<b>-132,154</b>
<b>RECONCILIATION</b>		
Cash and cash equivalents at the beginning of the year	599,000	731,154
Total net cash flow generated/absorbed during the year	- 246,828	-132,154
Cash and cash equivalents: effect of changes in exchange rates		



**Cash and cash equivalents at the end of the year**

**352,172**

**599,000**